

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
CORPUS CHRISTI DIVISION**

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In re:

J. C. PENNEY COMPANY, INC., *et al.*,<sup>1</sup>

Debtors.

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Chapter 11

Case No. 20-20182 (DRJ)

(Jointly Administered)

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**NOTICE OF REVISED BUDGET PURSUANT TO FINAL ORDER  
(I) AUTHORIZING THE DEBTORS TO (A) OBTAIN POSTPETITION  
FINANCING AND (B) UTILIZE CASH COLLATERAL, (II) GRANTING ADEQUATE  
PROTECTION TO THE PREPETITION SECURED PARTIES, (III) MODIFYING  
THE AUTOMATIC STAY, AND (IV) GRANTING RELATED RELIEF**

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**PLEASE TAKE NOTICE** that on June 5, 2020, the Court entered the *Final Order* (I) *Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral*, (II) *Granting Adequate Protection to the Prepetition Secured Parties*, (III) *Modifying the Automatic Stay*, and (IV) *Granting Related Relief* (the “Final DIP Order”) [Docket No. 566].

**PLEASE TAKE FURTHER NOTICE** that, pursuant to paragraph 21 of the Final Dip Order, the Debtors are filing a revised Initial Approved DIP Budget, attached hereto as **Exhibit A**.

**PLEASE TAKE FURTHER NOTICE** that copies of all documents filed in these chapter 11 cases are available free of charge by visiting <https://cases.primeclerk.com/JCPenney/Home-Index>. You may also obtain copies of any pleadings by visiting the Court’s website at <https://ecf.txsb.uscourts.gov> in accordance with the procedures and fees set forth on the Court’s website.

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<sup>1</sup> A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <http://cases.primeclerk.com/JCPenney>. The location of Debtor J. C. Penney Company, Inc.’s principal place of business and the Debtors’ service address in these chapter 11 cases is 6501 Legacy Drive, Plano, Texas 75024.

Respectfully Submitted,  
June 7, 2020

*/s/ Matthew D. Cavanaugh*

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**Certificate of Service**

I certify that on June 7, 2020, I caused a copy of the foregoing Notice to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Matthew D. Cavanaugh

Matthew D. Cavanaugh

**EXHIBIT A**

**Revised DIP Budget**

**J.C. Penney Company, Inc.**  
**Initial Approved Budget**  
(US \$ MM's)

Actuals Through:		5/30/2020																						Total
	A / F	A	A	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	Total		
	Fiscal Month	May	May	May	Jun	Jun	Jun	Jun	Jun	Jul	Jul	Jul	Jul	Jul	Jul	Aug	Aug	Aug	Sep	Oct	Nov	23-May		
	Fiscal Week	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	FY20	FY20	FY20	FY20	thru		
	Year	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	5-Dec		
	Week Ending	23-May	30-May	6-Jun	13-Jun	20-Jun	27-Jun	4-Jul	11-Jul	18-Jul	25-Jul	1-Aug	8-Aug	15-Aug	22-Aug	29-Aug	5-Sep							
Net Sales		\$ 53	\$ 71	\$ 75	\$ 83	\$ 102	\$ 99	\$ 110	\$ 114	\$ 121	\$ 142	\$ 160	\$ 162	\$ 157	\$ 140	\$ 129	\$ 115	\$ 444	\$ 433	\$ 1,024	\$ 3,735			
<b>Collections &amp; Disbursements</b>																								
<b>Cash Receipts</b>																								
1	Sales Receipts	\$ 41	\$ 61	\$ 78	\$ 86	\$ 102	\$ 105	\$ 111	\$ 118	\$ 124	\$ 142	\$ 163	\$ 170	\$ 167	\$ 153	\$ 139	\$ 126	\$ 474	\$ 459	\$ 1,047	\$ 3,866			
2	Other Receipts	6	4	1	0	2	2	1	2	1	12	1	1	1	1	5	1	71	7	9	129			
Total Collections		\$ 47	\$ 66	\$ 79	\$ 86	\$ 103	\$ 106	\$ 113	\$ 119	\$ 125	\$ 155	\$ 164	\$ 170	\$ 168	\$ 155	\$ 145	\$ 127	\$ 545	\$ 466	\$ 1,056	\$ 3,996			
<b>Operating Disbursements</b>																								
3	Domestic Merchandise Vendor	\$ -	\$ (1)	\$ (1)	\$ (33)	\$ (23)	\$ (24)	\$ (82)	\$ (61)	\$ (45)	\$ (40)	\$ (63)	\$ (55)	\$ (62)	\$ (44)	\$ (32)	\$ (51)	\$ (149)	\$ (175)	\$ (132)	\$ (1,073)			
4	Import Merchandise Vendor	(0)	(0)	-	(7)	(23)	(42)	(32)	(34)	(26)	(13)	(15)	(21)	(47)	(43)	(32)	(40)	(137)	(120)	(97)	(728)			
5	Sales, Use, and Other Taxes	(6)	(1)	(1)	(0)	(8)	(9)	(1)	(1)	(4)	(18)	(6)	(2)	(15)	(12)	(9)	(2)	(48)	(31)	(31)	(206)			
6	Freight, Duty, and Broker	(4)	(6)	(3)	(6)	(4)	(5)	(4)	(5)	(8)	(28)	(6)	(6)	(8)	(26)	(6)	(6)	(52)	(67)	(44)	(295)			
7	Payroll and Benefits	(4)	(13)	(14)	(34)	(18)	(33)	(15)	(38)	(21)	(22)	(35)	(24)	(42)	(47)	(34)	(30)	(146)	(104)	(164)	(840)			
8	Occupancy <sup>(1)</sup>	(6)	(2)	(4)	(41)	(8)	(5)	(20)	(25)	(8)	(3)	(22)	(22)	(8)	(4)	(6)	(20)	(62)	(42)	(68)	(374)			
9	Non-Marketing Operating (NFR)	(1)	(2)	(14)	(20)	(13)	(11)	(11)	(15)	(13)	(14)	(30)	(20)	(19)	(13)	(14)	(21)	(61)	(58)	(98)	(447)			
10	Marketing	(0)	(2)	(2)	(15)	(1)	(1)	(25)	(4)	(1)	(1)	(3)	(17)	(4)	(6)	(7)	(25)	(20)	(31)	(74)	(237)			
11	Other	(1)	(3)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(14)	-	(90)	(158)			
Total Operating Disbursements		\$ (21)	\$ (29)	\$ (41)	\$ (160)	\$ (101)	\$ (134)	\$ (194)	\$ (187)	\$ (130)	\$ (143)	\$ (184)	\$ (170)	\$ (208)	\$ (199)	\$ (144)	\$ (199)	\$ (689)	\$ (626)	\$ (796)	\$ (4,357)			
<b>Non-Operating Disbursements</b>																								
12	Debt Service and Fees	\$ (7)	\$ (1)	\$ (20)	\$ (1)	\$ (1)	\$ (1)	\$ (8)	\$ (12)	\$ (19)	\$ (1)	\$ (9)	\$ (17)	\$ (1)	\$ (1)	\$ (1)	\$ (10)	\$ (13)	\$ (17)	\$ (210)	\$ (344)			
13	Restructuring Professionals	(2)	-	-	-	(0)	-	-	-	(0)	(0)	(1)	(13)	(0)	(0)	-	(14)	(18)	(4)	(85)	(138)			
14	Other Non-Operating	-	(0)	(3)	(2)	(2)	(2)	(2)	(1)	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(5)	(5)	(5)	(39)			
Total Non-Operating Disbursements		\$ (9)	\$ (1)	\$ (23)	\$ (3)	\$ (3)	\$ (3)	\$ (10)	\$ (14)	\$ (20)	\$ (3)	\$ (11)	\$ (31)	\$ (2)	\$ (2)	\$ (2)	\$ (25)	\$ (36)	\$ (25)	\$ (300)	\$ (521)			
Net Cash Flow		\$ 17	\$ 35	\$ 16	\$ (77)	\$ (1)	\$ (30)	\$ (91)	\$ (82)	\$ (25)	\$ 8	\$ (31)	\$ (31)	\$ (42)	\$ (46)	\$ (1)	\$ (97)	\$ (180)	\$ (186)	\$ (40)	\$ (883)			
<b>Liquidity</b>																								
<b>Short Term Investments Position</b>																								
15	Book Cash - Beginning	\$ 476	\$ 500	\$ 537	\$ 778	\$ 701	\$ 700	\$ 670	\$ 579	\$ 497	\$ 472	\$ 480	\$ 449	\$ 419	\$ 377	\$ 331	\$ 330	\$ 233	\$ 53	\$ -	\$ 476			
16	Plus: Net Cash Flow	17	35	16	(77)	(1)	(30)	(91)	(82)	(25)	8	(31)	(31)	(42)	(46)	(1)	(97)	(180)	(186)	(40)	(883)			
17	Plus: Revolver Draw/(Paydown)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9	15			
18	Plus: DIP Draw/(Paydown)	-	-	225	-	-	-	-	-	-	-	-	-	-	-	-	-	-	133	92	450			
19	Plus: Treasury Adjustment	1	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3			
Short Term Investments - Ending		\$ 500	\$ 537	\$ 778	\$ 701	\$ 700	\$ 670	\$ 579	\$ 497	\$ 472	\$ 480	\$ 449	\$ 419	\$ 377	\$ 331	\$ 330	\$ 233	\$ 53	\$ -	\$ 61	\$ 61			
20	DIP/Escrow Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 92	\$ -	\$ -			
21	Prof Fee Carveout Escrow	-	-	(15)	(15)	(19)	(19)	(26)	(26)	(34)	(34)	(42)	(33)	(33)	(40)	(40)	(37)	(39)	(41)	-	-			
22	Posted ABL Cash Collateral / Cash Collateral L/C	-	-	-	-	-	-	(10)	(21)	-	-	-	-	-	-	(22)	(38)	-	-	-	-			
Total Short Term Investments and Escrowed Funds		\$ 500	\$ 537	\$ 763	\$ 687	\$ 681	\$ 651	\$ 553	\$ 461	\$ 642	\$ 671	\$ 632	\$ 611	\$ 569	\$ 516	\$ 494	\$ 383	\$ 239	\$ 51	\$ 61	\$ 61			
<b>Pre-Petition ABL Borrowing Base and Availability</b>																								
23	Effective Borrowing Base	\$ 1,593	\$ 1,595	\$ 1,595	\$ 1,567	\$ 1,595	\$ 1,578	\$ 1,563	\$ 1,544	\$ 1,532	\$ 1,572	\$ 1,577	\$ 1,581	\$ 1,532	\$ 1,515	\$ 1,490	\$ 1,472	\$ 1,562	\$ 1,751	\$ 1,743	\$ 1,743			
24	Less: Outstanding ABL Draws	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)	(1,195)	(1,195)			
25	Less: Letters of Credit	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)	(213)			
Subtotal		\$ 194	\$ 195	\$ 195	\$ 167	\$ 196	\$ 179	\$ 163	\$ 145	\$ 132	\$ 173	\$ 178	\$ 182	\$ 133	\$ 115	\$ 90	\$ 73	\$ 163	\$ 352	\$ 334	\$ 334			
26	Less: Pre-Petition Minimum Excess Availability	\$ (159)	\$ (159)	\$ (159)	\$ (157)	\$ (160)	\$ (158)	\$ (156)	\$ (154)	\$ (153)	\$ (157)	\$ (158)	\$ (158)	\$ (115)	\$ (114)	\$ (112)	\$ (110)	\$ (117)	\$ (131)	\$ (131)	(131)			
27	Plus: Posted ABL Cash Collateral	-	-	-	-	-	-	-	10	21	-	-	-	-	-	22	38	-	-	-	-			
Total		\$ 34	\$ 36	\$ 36	\$ 10	\$ 36	\$ 21	\$ 7	\$ -	\$ -	\$ 15	\$ 20	\$ 24	\$ 18	\$ 2	\$ -	\$ -	\$ 46	\$ 220	\$ 203	\$ 203			

**Notes:**

(1) The Debtors have filed a motion seeking to defer the payment of June 2020 and July 2020 rent until July 15th pursuant to Section 365(d)(3) of the Bankruptcy Code [Docket No. 338] (the "365(d)(3) Motion").

The Court is scheduled to consider the relief requested in the 365(d)(3) Motion on June 11, 2020. This Initial Approved Budget does not take into account the relief requested in the 365(d)(3) Motion.

To the extent such relief is granted on June 11, 2020, 100% of the June 2020 and July 2020 rent will be paid on July 15, 2020.

(subject to any rent deferral or abatement agreements entered into or agreed upon with individual landlords prior to such date).

(2) The Debtors have sought court authorization but not direction to pay 503(b)(9) payments during the pendency of the cases. For the purpose of the Initial Approved Budget these costs are assumed to be paid in full at emergence along with other emergence costs in November 2020.